



Memorandum

Mike DeWine, Governor

Larry Obhof, Senate President
Larry Householder, Speaker of the House
Kenny Yuko, Senate Minority Leader
Emilia Strong Sykes, House Minority Leader
Wendy Zhan, Director, Legislative Service Commission

From: Randy Gardner, Chancellor, Department of Higher Education

Date: December 31, 2019

Subject: Report regarding Ohio Tuition Trust Authority investment managers

Pursuant to ORC sec. 3333.041(A)(2), the Ohio Department of Higher Education is required to submit an annual report with information in respect to the Ohio Tuition Trust Authority (OTTA), including:

- a) The name of each investment manager that is a minority business enterprise or a women's business enterprise with which the chancellor contracts;
- b) The amount of assets managed by investment managers that are minority business enterprises or women's business enterprises, expressed as a percentage of assets managed by investment managers with which the chancellor has contracted;
- c) Efforts by the chancellor to increase utilization of investment managers that are minority business enterprises or women's business enterprises.

When OTTA determines the need to add or replace an investment manager, OTTA engages investment consultants (NEPC or Wilshire) to conduct a search. The OTTA Board, with input from staff and investment consultants, determine the criteria to be used in each manager search. The investment policies provide guidance for manager selection and specifically address that OTTA shall give equal consideration to minority owned and controlled firms, firms owned and controlled by women, and ventures involving minority owned and controlled firms and firms owned and controlled by women that otherwise meet the policies and criteria established by the authority. No investment managers shall be hired who have not, by their record and experience, demonstrated their fiduciary responsibility, their investment expertise, their investment experience, and their capacity to undertake the mandate for which they are being considered.

The investment managers utilized within the CollegeAdvantage plans are carefully evaluated and recommended by OTTA management and the investment consulting firms to the OTTA Investment Board for their review and consideration. All investment managers are required to be approved by the OTTA Investment Board. As of December 2019, CollegeAdvantage investment managers are:

- 1) publically held (BlackRock, Dimensional Fund Advisors, Fifth Third, and SSgA),
- 2) client-owned (Vanguard) or
- 3) a wholly owned subsidiary of another firm (Loomis Sayles wholly owned subsidiary of Natixis Investment Managers, L.P.).

Publically held and client-owned investment managers do not collect and are not required to provide demographic statistics on their ownership. Loomis Sayles is a wholly owned subsidiary of another firm, Natixis Investment Managers, and did not provide demographic information regarding its ownership

structure. While Nataxis Reports that, as of 9/30/2019, 40% of the firm is female and 18% of the firm are minorities, this may not be fully representative of the demographic statistics for Loomis Sayles.